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ALBERTA GOVERNMENT TELEPHONES

ANNUAL REPORT

1936-1937

EDMONTON, ALBERTA

ALBERTA GOVERNMENT TELEPHONES

Edmonton, Alberta,
January 31st, 1938.

To His Honour,

J.C. Bowen,

Lieutenant Governor of the Province of Alberta,

Edmonton, Alberta.

Sir,

I have the honour to transmit the Twenty-fifth Annual Report of the Department of Telephones for the year ending March 31st, 1937.

I have the honour to be, Sir,

Your obedient servant,

Minister of Railways & Telephones

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ALBERTA GOVERNMENT TELEPHONES

Edmonton, January 31st, 1938.

Hon. William A. Fallow,
Minister of Railways and Telephones,
EDMONTON, Alberta.

Dear Sir,

Herewith is submitted the Twenty-Fifth Annual Report of the Alberta Government Telephones for the year ended March 31st, 1937.

The accounts for the year show a surplus of $367,813.84 which was transferred to Replacement Reserve, $317,813.84, and to the Reserve for Uncollectible Accounts, $50,000.00. The accumulated Corporate Deficit, therefore, remains as it was a year ago, viz., $1,906,653.55.

Gains are again shown in Exchange and Long Distance revenues but Rural revenue shows a substantial drop.

Operating costs are slightly higher than they were a year ago due to the necessity for more help to handle the increasing Long Distance business. Maintenance is slightly reduced due entirely to the disappearance of rural lines by sale or removal. The details of these accounts are discussed elsewhere in this report.

During the year the last of the Rural Telephone Plant was disposed of and this plant classification disappears from the Telephone Balance Sheet. At March 31st, 1957, there were 750 Rural Mutual Companies in operation with 15,207 subscribers, an increase of 167 companies and 3351 subscribers over the previous year. With the passing of the rural plant the revenues from rural services are made up of the fees for connecting rural companies through our exchanges and for the use of our long distance and exchange poles by rural companies for carrying their wires. The revenues shown for the year have now reached the anticipated level.

During the year Alberta Treasury notes to the amount of $225,000.00 were repaid.

For the usual comparisons details of operating revenue and expense are as follows:

Urban revenues increased by	$18,727.86 or 1.55%
Rural revenues reduced by	$44,610.48 or 23.04%
Toll revenues increased by	$67,610.95 or 7.71%
Operating expense increased by	$26,671.27 or 3.69%
Maintenance expense reduced by	$ 9,724.14 or 3.40%

The exchange station gain for the year stands at 482, slightly better than that for the

previous year but the expected acceleration in station gain has not occurred.

Attention is again drawn to the "Accounts Receivable from Former Subscribers" - $272,824.37. There is little doubt that, with the exception of a few, those who received in the past the rural and toll service represented by this sum have no intention of paying for it. A reserve of $152,778.50 has been built up to liquidate the loss. Collection effort has been maintained throughout, but the time has arrived when collection costs are out of proportion to the original individual debts and a writing off of a large part of these debts against the reserve provided has been recommended by our operating officials.

The usual tables showing the earnings, expenses, interest and sinking fund charges follow:

	Telephone Earnings:	Telephone Expenses:	Number of Telephones
1920	$1,930,284.00	$1,377,115.00	42,854
1921	2,247,277.00	1,451,671.00	50,611
1922	2,559,851.00	1,380,564.00	53,421
1923	2,361,468.00	1,287,723.00	53,896
1924	2,399,080.00	1,242,648.00	54,815
1925	2,502,175.00	1,254,119.00	55,279
1926	2,772,372.00	1,266,519.00	56,930
1927	3,267,232.00	1,299,622.00	58,331
1928	3,622,237.00	1,364,108.00	60,222
1930	3,792,659.00	1,481,663.00	61,963
1931	3,555,292.00	1,471,634.00	57,827
1932	2,269,721.00	1,344,260.00	50,066
1933	2,561,721.00	1,205,834.00	43,561
1934	2,330,553.00	1,068,205.00	40,285
1935	2,297,367.00	1,058,109.00	56,535
1936	2,367,482.00	1,017,195.00	54,046
1937	2,410,761.00	1,034,142.00	52,060

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[illegible]	979,[illegible].00

The recommendations of the [illegible] [illegible] still stand unimplemented. In the meantime, as has already [illegible], the rural plant has passed into the hands of local [illegible] owned companies and the revenues [illegible] reduced to [illegible] half of the lowest figures under departmental ownership. [illegible] been reduced but as these had been reduced to the lowest [illegible] already the relief from this source is relatively [illegible], while the interest burden on the capital cost of a non-[illegible] plant still remains.

The reduction in interest rates [illegible] on telephone bonds has enabled us to set aside a small [illegible] for depreciation but as has been observed in previous [illegible]

[illegible] and the present contribution is wholly inadequate.

It is my belief that the Telephone [illegible] be wholly divorced financially from other gov-[illegible] and operated entirely as a public utility. [illegible], rates and practices are compared by the public to [illegible] telephone systems and in these matters I believe [illegible] for the most part favorable. To enable us to [illegible] public utility and to meet the ever increasing de-[illegible] the telephone using public our financial house must be [illegible] and among other highly necessary provisions that of [illegible] replacement must be undertaken at once. In a [illegible] but further delays are dangerous.

There is, too, as has been pointed [illegible], the ever present chance of storm losses for which, [illegible], there is no reserve.

For these reasons, and others which [illegible] be detailed in this report, I would strongly urge that [illegible] taken now to implement the recommendations of the Par-[illegible]

During the last five years impor-tant changes have been made in rates and practices governing [illegible] other provinces and countries. Only two provinces, Alberta and [illegible] other have not yet adopted these new rates and practices.

[illegible]

[illegible] at the earliest convenient date.

All telephone organizations have [illegible] which or part the employee wage cuts of the [illegible] four years. Our employees are well aware of this [illegible]

I again record my appreciation of [illegible]

Yours cheerfully and sincerely,

[illegible]

PRESIDENT MICHIGAN BELL TELEPHONE CO.

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Condensed Statement of Revenue

For the year ended March 31st, 1957.

Telephone Operating Revenue		
Exchange Earnings	$1,339,011.00	
Rural Earnings	185,600.41	
Toll Earnings	944,440.32	
		$2,470,051.73
Telephone Operating Expenses		
Operation	$ 740,586.93	
Maintenance	293,856.45	
		1,034,142.38
Net Telephone Earnings		$1,435,909.35
Add Sundry Earnings		
Directory Revenue	$ 13,000.00	
Miscellaneous	42,301.67	
Int. not earned, etc.	19,838.00	
		75,419.67
Total Gross Income		$1,511,329.02
Deduct		
Interest	$ 349,845.10	
Contingencies	236.61	
Commission & Exchange	5,344.34	
		355,326.05
Operating Surplus		$ 816,003.53
Less Other Charges		
Sinking Fund Contribution	$ 124,651.52	
Pension Fund Contribution	26,999.02	
Discount and Premiums	4,353.00	
		155,703.54
Net Surplus		$ 307,815.84
Deduct Special Provisions		
Provision for Uncollectible Accounts	$ 50,000.00	
Provision for Replacement Reserve	317,815.84	
		367,815.84
DEFICIT ACCOUNT		
Deficit at March 31, 1956		$1,906,653.65
Surplus or deficit for the year ended March 31, 1957		—
Deficit at March 31, 1957		$1,906,653.65